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OPENING COMMENTS OF THE UTILITY REFORM NETWORK ON ASSIGNED COMMISSIONER'S RULING PROVIDING DIRECTION AND SETTING THE PHASE 1B PROCEDURAL SCHEDULE

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Lower bills. Livable planet.

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OPENING COMMENTS OF THE UTILITY REFORM NETWORK ON ASSIGNED COMMISSIONER'S RULING PROVIDING DIRECTION AND SETTING THE PHASE 1B PROCEDURAL SCHEDULE

I. INTRODUCTION

TURN provides these opening comments pursuant to the Assigned Commissioner's June 29, 2026, *Ruling Providing Direction and Setting the Phase 1B Procedural Schedule*. TURN appreciates the opportunity to provide input on the Phase 1B changes to the climate credit.

TURN's primary recommendations in response to the Commissioner's questions are:

- The Commission should not overvalue simplicity;
- The Commission should use its Affordability Ratio to evaluate various proposals;
- The Commission should include at least one winter distribution of the electric credit to account for the many customers whose energy burden is highest in the winter;
- For both the electric and gas concept proposals, TURN recommends that the Commission use electric customers' eligibility for the Base Services Charge discount tiers, which includes FERA and Deed Restricted Affordable Housing;
- TURN supports the use of electric Concept 2 with modifications;
- TURN does not recommend the use of electric Concept 1.

II. RESPONSES TO THE COMMISSIONER'S QUESTIONS

The Assigned Commissioner's ruling set out several sets of question regarding changes to the climate credit generally and the Commissioner's proposed concepts specifically. TURN responds to many of these questions below.

A. SECTION 4.1: Overarching Legal and Authority Questions

Question 1: ***What limitations from CARB regulations, as adopted by CARB on May 29, 2026 apply to changes made in this phase?***

The California Air Resources Board's (CARB) amendments to the Cap-and-Invest regulation adopted on May 29, 2026, impose several limitations that impact Phase 1B. First, the revisions require that gas utilities the value associated with 30% of natural gas allowances is provided to residential ratepayers through a mechanism that "primarily benefits low-income ratepayers," beginning January 1, 2028.[1] The revised regulation preserves substantial Commission discretion for the implementation of this objective. For instance, the regulations do not define "low-income" customers for purposes of section 95893(d)(8), nor do they prescribe a specific distribution methodology. Instead, CARB expressly left implementation to the Commission, recognizing the Commission's authority to determine how best to satisfy the regulatory requirements.

The Commission's discretion in implementing the regulations includes determining how to define low-income and determining how the remaining allowance (70%) value should be distributed in a manner that complies with the requirements of Section 95893(d)(8). Additionally, Section 95893(d)(8) establishes a minimum level of protection for low-income customers, not a maximum; nothing in the regulatory text appears to prohibit the Commission from directing additional allowance value beyond the mandatory 30% toward low-income customers. More broadly, the amendments reflect CARB's emphasis on protecting low-income customers during

[1] 17 Cal. Code Reg. § 95893(d)(8).

the transition of natural gas allowance value, rather than preserving any particular climate credit structure.

Second, the revisions limit the use of natural gas allowance value for programmatic purposes to incentives that substitutes electricity for natural gas or other fossil fuels and exclude new equipment that combusts natural gas or other fossil fuels from building retrofits.[2] While unlikely to arise directly in this proceeding, this revision could become relevant if the Commission considers party proposals to use any part of natural gas allowance value for programmatic purposes.

Third, the revisions eliminate the historical prohibition on volumetric returns for the electric credit.[3] Multiple parties have suggested volumetric allocation at various points in this proceeding. The revisions to CARB's regulations would permit such an outcome. Volumetric allocation remains prohibited for the gas credit.[4]

Question 2: ***CARB separately adopted Resolution 26-7 on May 29. The last two resolutions on page 17 direct CARB staff to:***
Coordinate with the Commission regarding natural gas transition issues; and
Consult with the Commission on Diablo Canyon allocation issues.
Do either of these resolutions impact considerations in this phase?

Resolution 26-7 has no direct impact on the Commission's consideration of climate credit proposals. The directive that CARB staff should coordinate with the Commission regarding natural gas transition issues demonstrates that CARB anticipates that meaningful implementation decisions will remain before the Commission; it does not impose any obligations on the

[2] 17 Cal. Code Reg. § 95893(d)(3)(A).

[3] 17 Cal. Code Reg. § 95892(d)(3)(D).

[4] 17 Cal. Code Reg. § 95893(d)(7)(D).

Commission. The Commission has exclusive authority relating to the timing and form of climate credit distributions. CARB's role is limited to the distribution of allowances to the utilities, rather than the rate design applicable to the return of the revenue to end-use customers.

Question 3: ***What limitations, if any, from Pub. Util. Code Section 748.5, and/or any other section, apply to considerations in this phase?***

Public Utilities Code § 748.5 requires that the climate credit "shall be provided on the bills of those customers of an electrical corporation in no more than four high-billed months of each year to maximize customer electric bill affordability."[5] For the purposes of Phase 1B, this mandate creates two limitations: it caps distribution frequency at a maximum of four high-billed months, and requires that the changes "maximize customer electric bill affordability."

The Commission should interpret "maximize customer electric bill affordability" in line with existing affordability metrics, including the Affordability Ratio, as TURN will address below in response to Question 4.2.2. Additionally, TURN notes that the highest-billed months vary based on customer location and maintains that the Commission should consider timing distributions to align with the highest monthly bills for both summer-peaking and winter-peaking customers.

Regarding the gas credit, Public Utilities Code § 748.5 required CARB to design regulations, "including distribution of emissions allowances where appropriate, in a manner that transitions support from gas corporations to electrical distribution utilities…on or before January

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[5] Cal. Pub. Util. Code §748.5(a)(3).

1, 2031."[6] CARB has since revised its regulations accordingly and those revisions should be considered in Phase 1B, as the Commissioner's ruling contemplates.[7]

Question 4: ***Are there any other specific authorities that apply to and should guide other changes made in this phase?***

Public Utilities Code § 739.5(a) requires that "the master-meter customer shall charge each user of the service at the same rate that would be applicable if the user were receiving gas or electricity, or both, directly from the gas corporation or load-serving entity."[8] Public Utilities Code § 739.5(b) requires that a master-meter customer who "receives any rebate from a load-serving entity or gas corporation shall distribute to, or credit to the account of, each current user served by the master-meter customer that portion of the rebate which the amount of gas or electricity, or both, consumed by the user during the last billing period bears to the total amount furnished by the load-serving entity or gas corporation to the master-meter customer during that period."[9] It is not clear at this point whether the proposed concepts would frustrate this requirement due to the aggregation of sub-metered customer data. As Phase 1B progresses, the Commission should be mindful of making sure these customers receive the same credits they would receive if they were directly metered.

B. SECTION 4.2: Guiding Principles

[6] Cal. Pub. Util. Code §748.5(b)(1)(B).

[7] *Assigned Commissioner's Ruling Providing Direction and Setting the Phase 1B Procedural Schedule* p. 12.

[8] Cal. Pub. Utils. Code § 739.5(a).

[9] Cal. Pub. Utils. Code § 739.5(b)

Question 1: ***When considering changes to the Climate Credit, should the Commission consider any other factors besides:***

> ***Laws, regulations, and legislative intent;***
> ***Guiding principles;***
> ***Customer characteristics and impacts on customers;***
> ***Implementation feasibility, time, and cost?***

TURN contends that using allowance proceeds as a direct credit to ratepayers best supports that statutory requirement to maximize affordability. TURN cautions the Commission against diverting the credit to fund new programs. The Commission should not reduce the relief that the credit is intended to provide and should instead seek to finance any new programs supporting decarbonization or electrification through the nonbypassable public purpose program charge that is collected from all customers.

Question 2: ***How should affordability metrics from the Affordability Rulemaking (R.18-07-006) be integrated or considered in this proceeding?***

The Commission's Affordability Ratio from R.18-07-006 should be integrated into this proceeding as an analytical tool to evaluate various climate credit proposals. The Affordability Ratio quantifies the percentage of a representative household's income that would be used to pay for an essential utility service, after non-discretionary expenses such as housing and other essential utility service charges are deducted from the household's income.[10] The higher the Affordability Ratio, the less affordable the utility service.

The Affordability Ratio should be used to evaluate various concepts in Phase 1B and applied after the fact to confirm that the chosen concept in fact maximizes affordability in practice. Using the Affordability Ratio to evaluate methodologies avoids increasing allocation complexity and administrative burden, while ensuring that these existing and vetted metrics are

[10] Cal. Pub. Utils. Commn, Affordability Ratio, https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability/affordability-ratio.

considered. A basic approach could be to run various climate credit concepts/proposals through the Affordability Ratio metric for representative household types to test the ability-to-pay metric. This approach would be consistent with R.18-07-006 and the Commissioner's stated priorities.

This approach could apply to both the gas and the electric credit. For example, when the Commissioner's gas credit concept is evaluated using the Affordability Ratio, it yields a lower Affordability Ratio for CARE households than uniform allocation after the CARB changes. This supports the Commissioner's proposal from an affordability standpoint. This is only a high-level example; proposals will need to be analyzed in more detail throughout this proceeding.

Question 3: ***Which specific principles established by D.12-12-033 and updated by D.21-08-026 (for the electric credit) and D.15-10-032 (for the gas credit) should be modified?***

The main modification necessary is to the principle, "Preserve the Carbon Price Signal." The Commission will need to address the tension between this priority and the priority to "Reduce Adverse Impacts on Low-Income Households." The Commission could either modify the former priority or reduce its priority ranking. D.21-08-026 ranked both principles as "high priority;"[11] the Commission could lower the "Preserve the Carbon Price Signal" principle to medium or low priority and maintain "Reduce Adverse Impacts on Low-Income Households" as high priority.

This modification is necessary because California's priorities have shifted towards transportation and building electrification since this principle was established in 2012. At that time, the state's paramount concern was conservation and efficiency. Additionally, there has been a significant increase in usage-based rates since D.12-12-033 was adopted. In light of these

[11] D.21-08-026, pp. 12-13.

changes, the state's priority is now to make it more affordable for customers that electrify to increase their usage in order to support building and transportation electrification goals.

C. SECTION 4.3: Assigned Commissioner's Priorities

Question 1: ***Do you agree with the assigned Commissioner's priorities as laid out in Section 2 of this ruling? Do you recommend changes or additions to this list?***

TURN agrees with the Commissioner's priorities generally but believes that the ruling over-relies on Principle 2.4 (simplicity). In D.21-08-026, the Commission ranked administrative simplicity as "medium priority," while a range of other principles including reducing impacts on low-income households, preventing economic leakage, and customer education were ranked high priorities.[12] The Commission should maintain that simplicity is a lower-ranked priority than many of the Commissioner's other proposed principles and consider Phase 1B modifications through this lens.

Simplicity has value to the extent it is correlated with administrative feasibility, reduced implementation cost, fairness, and the other proposed priorities; it is not valuable in and of itself. Conceptual simplicity also should not automatically be equated with easier and lower cost implementation. A concept can be complex but simple and inexpensive to implement depending on available technology (and vice versa). Utility billing already involves and is set up to respond to many factors including different baseline allowances, tariffs, and as of this year, the new Base Services Charge. The Commission should not overvalue the incremental impact of variations in climate credit distribution, given these capabilities.

[12] D.21-08-026, p. 13.

Implementation considerations, including cost and feasibility, are not the core objective of the climate credit redesign. Public Utilities Code § 748.5, the Scoping Ruling, and CARB's revised regulations set out the objectives here. Complex or costly implementation should be understood as a potential constraint on this objective rather than an independent objective.

A more justified concern is that conceptual simplicity may support the goal of ensuring that customers understand the credit being provided to them. The Commission should consider simplicity through this lens and consider whether various climate credit concepts be easily conveyed to customers so that they understand the credit they receive.

D. SECTION 4.4: Narrow Focus on Three Options

Question 1: ***Section 2.4 of this ruling provides three options as the procedural focus of this phase: the status quo, the assigned commissioner's proposals, and party proposals. Are these options reasonable? Is a narrow focus appropriate?***

Yes, the three-option approach is appropriate at this point in the proceeding. TURN appreciates the Commission's work in developing clear concepts for parties to respond to, while still providing the option of party-generated proposals.

Question 2: ***Option 1 in Section 2.4 is to retain the Climate Credit status quo, possibly with minor modifications (such as changing the number of distributions or adjusting timing but without changes to calculation methodology). Does this option satisfy legal requirements and principles? What modifications should be made, if any, if the Commission adopts this option? Which ideas raised by parties in Phase 1A are appropriate for consideration here?***

The status quo option does not maximize affordability. Parties, and the Commissioner, have raised several proposals likely to improve affordability relative to the status quo. Additionally and as noted above, the Commission's Affordability Ratio provides a ready-made, Commission-approved metric to evaluate various proposals for affordability.

The Affordability Ratio is built on two drivers, the customer bill and the customer's ability to pay. The current climate credit distribution does not take either of these factors into consideration. By incorporating usage or customer bills along with a proxy for income, several of the concepts proposed to date would be an improvement over the status quo. Phase 1A's change to the timing of the credit was a necessary step forward, but it does not achieve the statutory objective of maximizing affordability on its own.

Question 3: ***The schedule includes a ruling to provide direction for proposals. What direction, criteria and rules should apply to party proposals? What detail should be required (in party proposals and the assigned commissioners') to ensure that the utilities can provide implementation assessments and parties can fully consider them?***

TURN maintains that a standard model that can be used to allow parties to model various proposals and see the bill impacts on different customer types in each baseline territory would provide value in this proceeding. As TURN has noted in prior comments, the model developed in R.22-07-005 for the purposes of evaluating different options for the income graduated fixed charge could provide a starting point.

TURN appreciates the Commission's direction providing initial utility data disclosures, however, the data provided is not adequate for parties to analyze the impacts of the Commissioner's proposed concepts. The utility data provided does not allow parties to consider how usage varies among different customer subgroups or identify potential misalignment or the skewing of data by a small number of accounts. For example, Concept 2 proposes a credit allocated based on three interacting factors: climate zone (or zone bundle), usage relative to baseline, and CARE or non-CARE. But the utility disclosures do not provide data for these factors in combination. Usage and bill data by CARE status are reported by climate zone, but without regard to baseline usage; CARE/non-CARE usage proportions are reported by quartile, but not by climate zone. As a result, no combination of the disclosure data allows TURN, or other parties, to construction the three-way analysis required to evaluate Concept 2. Absent either more granular data or a working model, TURN and other parties cannot evaluate how Concept 2 would actually perform for any specific customer subgroup based on the data provided, and will need to request additional data through discovery.

TURN adds that the schedule does not appear to include a dedicated opportunity for public engagement, although the August 11 workshop is described as providing the opportunity to gather public input.[13] While acknowledging the technical nature of the issues here, TURN recommends the Commission ensure that there is adequate opportunity for public engagement given the broad public investment in Cap-and-Invest and the climate credit.

E. SECTION 4.5: Assigned Commissioner's Electric Credit Proposal Concepts

Question 1: ***Do the proposal concepts meet the requirements in CARB's May 29, 2026 adopted regulations, and are there additional requirements/limitations that proposals need to consider?***

TURN has no response to this question at this time.

Question 2: ***Do they fulfill my stated priorities? If not, how could they be modified to better align with those priorities?***

TURN addresses concerns applicable to both of the Commissioner's proposed concepts first, before turning to concerns specific to each concept.

The Commissioner has identified affordability as a central principle guiding this proceeding and Public Utilities Code § 748.5 requires that the Commission maximize

[13] *Assigned Commissioner's Ruling Providing Direction and Setting the Phase 1B Procedural Schedule* p. 19

affordability. Several modifications to both concepts would better align them with this stated priority and statutory mandate.

First, the Commission should expand the low-income tier beyond CARE customers alone to support affordability. The Commission does not need to build a new low-income definition from scratch. There are two accessible proxies the Commission can use. FERA status is known to the electric utilities and already used by the Commission. FERA status is used, for example, in the implementation of the Base Services Charge. The Base Services Charge implementation working group is also using Deed Restricted Affordable Housing (DRAH), in addition to FERA and CARE status, as an indicator of low-income. The Commission can do the same here.

In R.26-04-009 the Base Services Charge implementation working group has grappled with how to more accurately differentiate customer groups by income level.[14] Proposals ranged from automatic enrollment based on ZIP code to self-attestation forms. Due to implementation complexity, the Commission ultimately authorized three income tiers for the charge based on CARE, FERA, and all other customers.[15] The Commission also adopted TURN/NRDC's joint recommendation to include DRAH customers in the FERA tier—about half a million addresses in California, readily identifiable in a public database. DRAH customers have incomes below 80% of area-median income, which is higher than the CARE/FERA cut-offs of 200-250% FPL in most areas, but still within the "low-income" category. At the end of Q1 2026, PG&E had ~52,000 DRAH customers enrolled in the DRAH discount Base Services Charge (the same number as the number of customers enrolled in FERA); SCE had ~13,000; and SDG&E had

[14] D.24-05-028, p. 148, Conclusion of Law 14.

[15] D.24-05-028, pp. 149-150, Conclusion of Law 18.

~11,000.[16] Given that the IOUs implemented the Base Services Charge between October 2025 and March 2026, these numbers may be expected to increase. Incorporating DRAH customers in a new credit graduation scheme could be a small, implementable step to capture some of the low-income population who earn just above the CARE/FERA income threshold.

Second, neither concept incorporates a winter distribution period, despite the fact that "high-cost periods" vary across the state. As TURN has argued above, the Commission should avoid overvaluing perceived administrative simplicity when weighing implementation ease against affordability impacts. Based on TURN's preliminary review of the utility data provided on July 17, it appears that about a quarter of PG&E accounts are in winter-peaking zones.[17] This tracks analysis that TURN provided in Phase 1A.[18] TURN encourages further analysis to determine the proportional of households that have the greatest needs outside of the statewide average.

Concept 1 specifically does not adequately address geographic variation. The ruling acknowledges that customers above baseline in different climate zones would receive the same benefit despite potentially very different underlying monthly and annual bills but does not correct for this. Concept 2 is better aligned with the Commissioner's stated priorities than Concept 1. By

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[16] Q1 implementation metrics available in the May 26, 2026 meeting materials folder available at https://edisonintl.sharepoint.com/teams/Public/regpublic/Regulatory Documents/Forms/RIMS Doc Set View.aspx?id=%2Fteams%2FPublic%2Fregpublic%2FRegulatory Documents%2FPD%2FCPUC%2F22019. The utilities sent customers personal enrollment links if their building address was in the public database, allowing them to then self-attest that their unit within the building is an affordable unit.

[17] Zones Desert Z, Desert Y, Coast V, Coast T, and Coast Q experience their highest monthly electric bill in the winter. Together these zones account for 1,318,018 of PG&E's 5,049,561 accounts.

[18] *See* TURN Phase 1A Opening Comments, pp. 3-8, 12.

accounting for climate-driven cost variation more directly, Concept 2 more accurately tracks the costs the climate credit is meant to offset. With added targeting of an expanded group of lower income customers, Concept 2 can more precisely improve the Credit's affordability impacts.

Question 3: ***In addition to providing higher credits to CARE customers, could the credit be scaled between moderate and higher-income customers and how could these customers be identified?***

TURN supports an approach that distinguishes between moderate- and high-income customers and scales the credit accordingly. TURN also acknowledges that the Commission and intervenors have found this challenging in other contexts, such as the Base Services Charge implementation. In that proceeding (previously R.22-07-005 and now R.26-04-009), stakeholders including TURN developed proposals to identify moderate income customers.[19]

Stakeholders and utilities working on the Base Services Charge generally identified moderate income as either between 80-120 percent of AMI, in line with HUD guidelines, or around 250-600% FPL. Unfortunately, there are no existing widespread benefits or other programs from which to easily enroll these moderate-income customers. In January, the "Process Working Group" charged with developing income verification options for a future version of the Base Services Charge released a working group report exploring income verification options.[20] The report recommends automatically enrolling customers geographically based on Census Tract, coupled with an income verification service. However, multiple working group participants including TURN raised concerns that the approach would only sort about two thirds

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[19] Stakeholders and utilities working on the Base Services Charge generally identified moderate income as either between 80-120 percent of AMI, in line with HUD guidelines, or around 250-600% FPL.

[20] Income Verification Process Working Group Final Report, available at https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M603/K849/603849545.pdf.

of customers accurately, mis-sorting 67% high-income customers into lower tiers.[21] TURN anticipates that this issue will be taken up and evaluated in R.26-04-009 soon.

Given the extensive analysis and work the Base Services Charge implementation working group has conducted in this issue to date, it may not be an effective use of Commission and party resources to revisit this issue in detail in this proceeding. However, in the event that a new income-graduated scheme is adopted in R.26-04-009, for implementation around 2028 or 2030, it may be appropriate to authorize a responsive structure for the climate credit which can adjust to the future income-graduated scheme — for ease of implementation on the utility billing side, as well as customer understanding.

Despite the current data challenge, TURN strongly supports greater differentiation between moderate- and high-income customers. As noted above, TURN also recommends the inclusion of customers eligible for the Base Services Charge discount in the low-income tier, which would include FERA and DRAH customers, along with CARE customer.

Question 4: ***Should a purely volumetric option (per kWh) be pursued, rather than the tiered approaches contemplated here? What questions and considerations should guide a choice between the two paths?***

TURN is open to evaluating the idea of a purely volumetric credit, but that would require modeling that TURN is not currently able to conduct using the utility data provided. The Commission and parties should conduct this modeling, preferably using a public tool. At a high level, TURN would be open to evaluating a volumetric distribution option that also accounts for indicators of financial need, like low-income status.

Question 5: ***Does a volumetric electric credit approach (either tiered or per kWh; as conceptually proposed or otherwise) benefit customer affordability and support electrification***

[21] Income Verification Process Working Group Final Report, p. 125.

goals? Consider the requirement in Section 748.5(a)(3) regarding provision of the credit in no more than four months, and whether this limits the credit's ability to support electrification?

It is challenging for TURN to respond to this question in the absence of modeling. At a high level, customer benefits from the credit may be concentrated in the high-billed months, but annual impacts are more likely to drive adoption of electrification measures.

Question 6: ***What implementation issues or considerations do these options raise?***

TURN has no response to this question at this time.

Question 7: ***Should other modifications be made, such as to remove or reduce credits for second homes or vacation rentals (for utilities with such tariffs), or make any other programmatic changes?***

TURN recommends two general modifications to the Commissioner's Concept 2. TURN does not recommend Concept 1. For Concept 2, TURN recommends a) including a winter distribution for customers in coastal zones and b) adding FERA customers and customers living in DRAH to the low-income tier that is currently comprised only of CARE customers. While TURN supports the goal of further differentiating moderate and high-income customers, TURN recommends the Commission consider adopting any implementable metrics developed in the Base Services Charge Implementation Working Group, which has been grappling with this issue. If new solutions to differentiate moderate- and high-income customers emerge through that work, the Commission should apply them here as well.

Removing credits for second homes and vacation rentals would be appropriate and aligned with the Commissioner's principles and the statutory mandate to maximize affordability. The utility data filings, however, suggest that secondary residence data may not be tracked or reliable.

TURN also recommends that the concepts be modified to incorporate winter-peaking customers' needs by including a winter distribution for these customers.

Question 8: ***What additional or different reporting or oversight should accompany these changes to the credit?***

TURN has no response to this question at this time.

F. SECTION 4.6: COMMISSIONER'S NATURAL GAS CREDIT CONCEPTS

Question 1: ***Do you agree that the gas credit is likely to decline due to declining allowance allocations/revenues? Do you agree that this proceeding should make minimal changes to the gas credit, relative to the electric credit, due to these declining benefits?***

TURN agrees that the gas credit is likely to decline due to declining allowance revenue and CARB's revised regulation. TURN recommends that the Commission and parties analyze gas and electric burdens together before determining that minimal changes to the gas credit are warranted.

Question 2: ***For CARB's § 95893(d)(8) requirement related to the usage of gas allowances, does my proposal concept meet the requirement that 30% of the total allowances primarily benefit low-income ratepayers? Is there an alternative to CARE enrollment status that CPUC should apply? Should an amount higher than the minimum required 30% be allocated to protecting low-income customers?***

Yes, the Commissioner's proposed concept meets the requirement that 30% of total allowances primarily benefit low-income ratepayers. The Commissioner's proposal directs the revenues from that same 30% — calculated on the pre-reallocation amount under Section 95893(a), not the reduced post-reallocation pool — to be distributed equally among residential gas CARE customers. Because the entire 30% is directed to CARE customers rather than spread across the broader ratepayer base, 100% of the reserved value will flow to a low-income subset of customers, satisfying the regulation. The more difficult question is not whether the proposal complies, but how "low-income" should be defined for these purposes, since CARB left that term undefined.

The Commission should define low-income to include CARE and as well as customers eligible for the Base Services Charge discount on the electric side which includes DRAH and FERA customers, as TURN has recommended for the electric credit. For the dual utilities, this should not be a challenge; TURN acknowledges, however, that this mean Southern California Edison Company and Southern California Gas Company would need to interface with one another; Southern California Edison would need to identify this subset of customers to Southern California Gas Company, in order that they be designated part of the low-income tier for the gas credit. The Commission should direct those utilities to make an effort to do so to ensure that the changes to the credit benefit low-income ratepayers, rather than one subset of low-income ratepayers.

As the ruling proposes, the Commission and intervenors should analyze the proposed concepts against utility data to ensure that low-income customers would benefit under the proposal versus the current allocation structure. This should include a consideration of how increasing the low-income pool with the addition of FERA and DRAH customers would impact compliance with the 30% requirement and overall affordability benefits.

The Commission and intervenors should analyze whether low-income ratepayers should also receive a portion of the remaining 70%, rather than just the reserved 30%. The Assigned Commissioner’s Ruling states that, “CARE customers would continue to receive a credit similar to the credit they would have received if no allowances had been transitioned away from gas utilities."[22] This approach risks leaving CARE customers worse off if their gas bills are increasing. Additionally, if the low-income tier is expanded to include a larger percentage of overall gas ratepayers, it may be appropriate to allocate some of the remaining 70% to the low-income tier to ensure that they benefit adequately from this change.

Question 3: ***Does this concept effectively protect low-income gas customers? What changes to this concept do you suggest? What modifications could be made to better benefit master-metered gas customers?***

As discussed above, TURN recommends a more inclusive definition of low-income, to include electric discount status for both FERA and DRAH, as the Commission has done for the Base Services Charge discount.

TURN also notes the importance of ensuring that the credit is passed through to sub-metered customers. This is aligned with the Commissioner's principle of fairness and affordability. As noted above in response to Section 4.1, Question 4, Public Utilities Code § 739.5 also imposes relevant requirements on master-metered customers regarding passing through benefits to their sub-metered customers.

Question 4: ***What additional or different reporting or oversight should accompany these changes to the credit?***

TURN has no response to this question at this time.

III. CONCLUSION

TURN appreciates the opportunity to provide these comments and looks forward to continuing to engage with the Commission and other parties in the upcoming workshop and throughout Phase 1B.

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[22] *Assigned Commissioner's Ruling Providing Direction and Setting the Phase 1B Procedural Schedule*, p. 13.

Respectfully submitted,

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